

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ICAE-00 SSO-00 INRE-00 AID-05  
CEA-01 CIAE-00 COME-00 EB-08 EA-10 FRB-03 INR-10  
IO-13 NEA-11 NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04  
SIL-01 AGRE-00 OMB-01 SS-15 OIC-02 /102 W  
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O R 221450Z JUN 78  
FM AMEMBASSY ANKARA  
TO SECSTATE WASHDC IMMEDIATE 2384  
INFO AMEMBASSY PARIS  
AMEMBASSY BONN  
AMCONSUL ISTANBUL  
AMCONSUL ADNAN  
AMCONSUL IZMIR

C O N F I D E N T I A L SECTION 1 OF 2 ANKARA 4661

USOECD

E.O. 11652: GDS  
TAGS: EFIN, OECD, EAID, TU  
SUBJ: OECD CONSORTIUM MEETING, JUNE 27

REF: (A) STATE 1141557, (B) ANKARA 4416, (C) ISTANBUL 910  
(D) ANKARA 4483, (E) ANKARA 4583

SUMMARY: DIRECTOR GENERAL OF TURKISH TREASURY INVITED IN  
ECON/COM COUNSELOR FOR DISCUSSIONS JUNE 19 OF US POSITIONS  
ON POSSIBLE RESCHEDULING BY GOVERNMENTS OF NON-GOVERNMENT-  
GUARANTEED COMMERCIAL ARREARS AND ON REOPENING OF GOVERNMENT  
EXPORT CREDIT LINES TO TURKEY--ITEMS ON AGENDA OF JUNE 27  
MEETING OF OECD CONSORTIUM FOR TURKEY. DIRECTOR GENERAL  
MENTIONED THAT MR KUEHN OF OECD SECRETARIAT HAD SUGGESTED  
THAT MEETING ALSO CONSIDER ROLE OF FOREIGN INVESTMENT IN  
TURKEY. DIRECTOR GENERAL ASKED THAT USG SIGN BILATERAL  
DEBT-RESCHEDULING AGREEMENT(S) WITH TURKEY AS SOON AS POSSIBLE  
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AND ENCOURAGE PRIVATE BANKS TO RESCHEDULE NON-OFFICIAL  
COMMERCIAL ARREARS--REQUESTS THAT GOT COULD VERY WELL MAKE TO ALL  
MEMBERS AT CONSORTIUM MEETING. EMBASSY SUGGESTS THAT US  
DELEGATE MAY FIND OCCASION TO PRAISE AND ENCOURAGE RECENT  
INDICATIONS OF AN AWAKENING SENSE WITHIN GOT OF IMPORTANCE  
OF FOREIGN INVESTMENT AS A SOURCE OF CAPITAL FOR TURKEY.  
END SUMMARY

1. AYSEL OYMEN DIRECTOR GENERAL FOR FOREIGN FINANCING OF TURKISH TREASURY, CALLED IN ECONOMIC/COMMERCIAL COUNSELOR JUNE 19 TO DISCUSS AGENDA FOR OECD CONSORTIUM MEETING SET FOR JUNE 27 AND MADE SPECIFIC REQUESTS OF US-PPROMPT CONCLUSION OF BILATERAL DEBT-RESCHEDULING AGREEMENT(S) WITH TURKEY AND OFFICIAL ENCOURAGEMENT TO US COMMERCIAL BANKS TO REFINANCE NON-OFFICIAL COMMERCIAL ARREARS. WE WOULD JUDGE THAT SHE MAY MAKE SIMILAR REQUESTS AT MEETING TO CONSORTIUM MEMBERS IN GENERAL.

2. MRS OYMEN UNDERSTOOD THAT TWO MAIN SUBJECTS TO BE DISCUSSED AT OECD CONSORTIUM MEETING WOULD BE HANDLING OF TURKEY'S NON-GOVERNMENT-GUARANTEED COMMERCIAL ARREARS AND OPENING OF NEW CREDIT LINES BY GOVERNMENT EXPORT CREDIT AND GUARANTEE INSTITUTIONS, BOTH MATTERS TO WHICH SHE ATTACHES GREAT IMPORTANCE. OYMEN SAID THAT US ATTITUDE ON THESE SUBJECTS WOULD BE A PRINCIPAL FACTOR IN DETERMINING POSITION OF OTHER GOVERNMENTS. SHE FELT THAT USG REFUSAL TO CONSIDER RESCHEDULING OF NON-OFFICIAL ARREARS WOULD MEAN THAT NO GOVERNMENTAL ASSISTANCE IN THIS AREA WOULD BE FORTHCOMING. SHE ALSO FELT THAT OTHER COUNTRIES WERE WAITING FOR THE USG TO MOVE FIRST IN REOPENING OFFICIAL EXPORT-CREDIT LINES.

3. OYMEN ASKED FOR US POSITION ON BOTH ITEMS. ON FIRST TOPIC, COUNSELOR PROVIDED POSITION ALONG LINES OF REF A, CONFIDENTIAL

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INCLUDING REFERENCE TO CONGRESSIONAL CONSTRAINTS. WITH REGARD TO NEW EXPORT-IMPORT BANK FINANCING, SHE SAID THAT AFTER RESCHEDULING OF TURKEY'S DEBT TO EXIMBANK, INCLUDING ITS ARREARS, AND AFTER DEMONSTRATION OF EVIDENCE OF TURKEY'S RESUMED CREDITWORTHINESS, SHE WAS CONFIDENT THAT EXIMBANK WOULD RESUME LENDING TO TURKEY. US FOR ITS PART WISHES TO PROMOTE US EXPORTS. EMBASSY THEREFORE HOPES THAT NEW EXIMBANK CREDITS WILL BE POSSIBLE BEFORE LONG.

4. MRS OYMEN SAID THAT IN RECENT TELEPHONE CONVERSATION MR KUEHN OF THE OECD SECRETARIAT HAD SUGGESTED THAT PRIVATE FOREIGN INVESTMENT ALSO BE DISCUSSED. ASKED WHETHER RECENT REMARKS BY MR ECEVIT IN NEW YORK AND BRUSSELS COULD BE INTERPRETED AS SIGNS OF A GROWING AWARENESS OF THE USEFULNESS OF FOREIGN INVESTMENT AS A SOURCE OF DEVELOPMENT CAPITAL, OYMEN AGREED EMPHATICALLY (REF B). SHE EXPECTED THAT CRITERIA GOVERNING THE ACCEPTANCE OF FOREIGN DIRECT INVESTMENT WOULD BE SET OUT IN FOURTH FIVE-YEAR DEVELOPMENT PLAN NOW UNDER PREPARATION.

5. OYMEN RAISED TWO OTHER MATTERS THAT MAY BE GLANCED AT IN MEETING:

--A. BILATERAL DEBT-RESCHEDULING AGREEMENTS. MRS OYMEN SAID THAT GOT WOULD BE PLEASED TO SIGN DEBT-RESCHEDULING AGREEMENT(S) WIT USG AS SOON AS POSSIBLE. ONCE AGAIN, SHE WAS CONCERNED THAT OTHER COUNTRIES, INCLUDING SOME THAT SIGNED MULTILATERAL RESCHEDULING AGREEMENT OF MAY 20 IN PARIS, WERE WAITING UNTIL THE USG AND PERHAPS THE FRG HAD SIGNED BILATERALS BEFORE THEY STEPPED FORWARD. JAPANESE MINISTER IN ANAKRA HAD SPECIFICALLY SAID THAT JAPAN WAS WAITING FOR USG TO SIGN BEFORE DECIDING WHETHER OR NOT IT WOULD FOLLOW. GERMANS, SHE NOTED, EXPECTED THAT THEY WOULD NOT BE ABLE TO SIGN UNTIL AUGUST OR EARLY SEPTEMBER SINCE THEY HAD FIRST TO COMPILE LIST OF THOUSANDS OF CREDIT ITEMS. BRITISH GOVERNMENT, SHE SIAD, HAD CIRCULATED 200,000 INQUIRIES IN EFFORT TO  
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DETERMINE SPECIFIC DEBTS THAT WILL BE SUBJECT TO RESCHEDULING; BRITISH EMBASSY COLLEAGUE IN ANKARA HAS INFORMED US THAT THIS GROUNDWORK WILL REQUIRE A GOOD AMOUNT OF TIME. NORWEGIAN COLLEAGUE INDICATED OVER A WEEK AGO, HOWEVER, THAT NEGOTIATIONS WERE IN FINAL STAGE AND THAT NORWAY WOULD SIGN AN AGREEMENT SHORTLY. WE ELIEVE THAT SIGNING WILL TAKE PLACE ON OCCASION OF VISIT TO TURKEY OF NORWEGIAN FINANCE MINISTER PER KLEPPE JUNE 28. TURKS, IN SHORT, ARE CONCERNED THAT NEGOTIATION OF BILATERALS WILL BE SLOW AND, FOR SOME COUNTRIES, COULD POSSIBLY BECOME UNSTUCK.

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
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ICAE-00 SSO-00 INRE-00 OIC-02 /102 W  
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--B. PRIVATE BANK RE-SCHEDULING OF NON-OFFICIAL COMMERCIAL ARREARS. MRS OYMEN ASKED THAT USG INFLUENCE AMERICAN BANKS TO REFINANCE COMMERCIAL ARREARS ALONG PATTERN ESTABLISHED BY CITIBANK "CONSTRUCTIVE REMITTANCE" SCHEME (REF C). COUNSELOR AGREED TO REPORT REQUEST BUT OBSERVED THAT SINCE USG WOULD NOT GUARANTEE THESE LOANS, IT WAS NOT IN POSITION TO RECOMMEND HOW BANKS SHOULD PLACE THEIR FUNDS. IT IS POSSIBLE THAT TURKS WILL MAKE A GENERAL REQUEST OF THIS NATURE TO CONSORTIUM PARTICIPANTS.

6. DIRECTOR GENERAL DID NOT FORESEE THAT MEETING WOULD RESULT IN ANY FINANCIAL COMMITMENTS OR DECISIONS BUT, RATHER, WOULD PROVIDE OPPORTUNITY FOR DISCUSSION OF THESE TWO OR THREE ISSUES.

7. COMMENT: EMBASSY RECOMMENDS THAT US DELEGATE SEEK OCCASION TO PRAISE GOT FOR STATMENTS MADE BY PRIME MINISTER  
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ECEVIT TO BUSINESS COMMUNITY IN NEW YORK AND TO EC COMMISSION REFLECTING HEIGHTENED AWARENESS BY TURKEY OF USEFULNESS OF FOREIGN DIRECT INVESTMENT AS SOURCE OF DEVELOPMENT FINANCING. WE MIGHT ALSO INDICATE IMPORTANCE OF GOT

--STATING CLEARLY TYPES OF INVESTMENT WHICH IT REGARDS TO BE MOST SUITABLE TO TURKEY'S DEVELOPMENT OBJECTIVES AND FOR WHICH IT GUARANTEES A CONTINUING WELCOME, ACCORDING TO CATEGORY OF ACTIVITY, EXPORT EXPECTATIONS AND DEGREE OF LABOR INTENSIVENESS;

--ASSURING PROMPT RESPONSE TO APPLICATIONS FOR INVESTMENT;

--RESPONDING DECISIVELY AND PROMPTLY TO INVESTMENT PROBLEMS BROUGHT TO ITS ATTENTION;

--SEEKING TO CREATE A DOMESTIC ECONOMIC ENVIRONMENT THAT WILL CONTRIBUTE TO THE EXPORT-COMPETITIVENESS OF FOREIGN INVESTORS IN TURKEY.

8. FURTHER WITH REGARD TO TURKISH ATTITUDE TOWARD FOREIGN INVESTMENT: VURAL GUCSAVAS, SECRETARY TENERAL OF THE TREASURY AND MRS OYMEN'S CHIEF, CONFIRMED TO ECON/COM COUNSELOR JUNE 18

THAT GOVERNMENT IS CONSCIOUS OF NEED FOR FOREIGN  
INVESTMENT CAPITAL. GUCSAVAS SAID THAT PRIME MINISTER ECEVIT  
HAD STATED THIS THOUGHT CLEARLY IN HIS MEETINGS WITH BUSINESS  
IN NEW YORK. ALTHOUGH MOBIL OIL IS THREATENED BY THE MINISTRY  
OF ENERGY BY WHAT WOULD AMOUNT TO A TAKEOVER BY THE STATE  
OF MOBIL'S MAJORITY INTEREST IN THE ATAS REFINERY (REFS D AND E),  
IT APPEARS THAT THE PRIME MINISTER DOES NOT SUPPORT THE ENERGY  
MINISTER IN THIS MATTER AND HAS STATED THE NECESSITY OF  
CONSIDERING THE INTERNATIONAL IMPLICATIONS OF SUCH A MOVE.  
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## Message Attributes

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